

# **NEWPORT LEGACY ZURICH SWITZERLAND:** **EMERGING MARKETS-EMERGING MARKET** **SHARES RISE, ON TRACK FOR WINNING** **WEEK**

Newport Legacy wealth management Zurich Switzerland thanks the writer for reproducing this article.

Emerging market shares rose on Friday while currencies remained under pressure against a backdrop of uncertainty surrounding Brexit, in what has been a largely positive week driven by lower oil prices and cautious trade optimism.

The broader index for emerging markets was on track for a 0.7 percent weekly gain with shares in Turkey and South Africa gaining nearly 1 percent each on the day.

A possible easing of Sino-U.S. trade tensions boosted emerging shares although investors remained cautious about an actual agreement.

While China sent a written response to U.S. demands for trade reforms, Washington said this was unlikely

to prompt a breakthrough at talks between Presidents Donald Trump and Xi Jinping later this month.

“We are of the view the summit will not lead to a trade agreement between the two countries, rollback of existing tariffs, or even a commitment to not implement further tariffs,” said Citigroup in a note. “But the outcome may be similar to the U.S.-North Korean summit... a path to de-escalate tensions going forward.”

Mainland Chinese shares finished higher on stimulus measures to support markets and private businesses. But, Taiwan’s shares fell 0.3 percent on the back of chipmakers clocking hefty losses following Nvidia’s drop overnight.

A softer dollar did little to benefit most currencies even as the sterling fell after a series of resignations rocked British Prime Minister Theresa May’s government and threw into doubt her long-awaited Brexit agreement.

“There is generally a weak risk environment related to the issues in Europe around Brexit and the uncertainty there,” said Jakob Christensen, chief analyst and head of EM research at Danske Bank.

“In addition the weakness in the global economy is the background that adds to the anxiety. These two factors play a role here and despite the lower dollar, they add concerns about risk assets,” added Christensen.

The Russian rouble turned negative after trying to test a 2-week peak against the dollar as traders assessed geopolitical risks, while a recovery in oil prices pushed stocks higher.

The Chinese yuan declined 0.1 percent against the dollar, but was on course for a winning week as comments from the central bank eased pressure to lend.

Chinese financial institutions should take steps to reasonably manage the pace and intensity of credit supply, the central bank said on Friday, following a sharp slowdown in credit growth last month.

The Turkish lira was little changed despite industrial production data showing a 2.7 percent fall in September, further evidence that the country is poised for a recession.

On the week, however, the currency is on course for a 2 percent rise thanks to a jump on Thursday after a report that the U.S. government is exploring possible ways to remove U.S.-based Muslim cleric Fethullah Gulen, a staunch critic of Turkish President Tayyip Erdogan.

Ankara's demand for Gulen's extradition has been one element in a dispute with Washington.

Eastern European currencies were mostly steady against the dollar. The Polish zloty was little changed after a newspaper report that the country's central bank governor may resign.